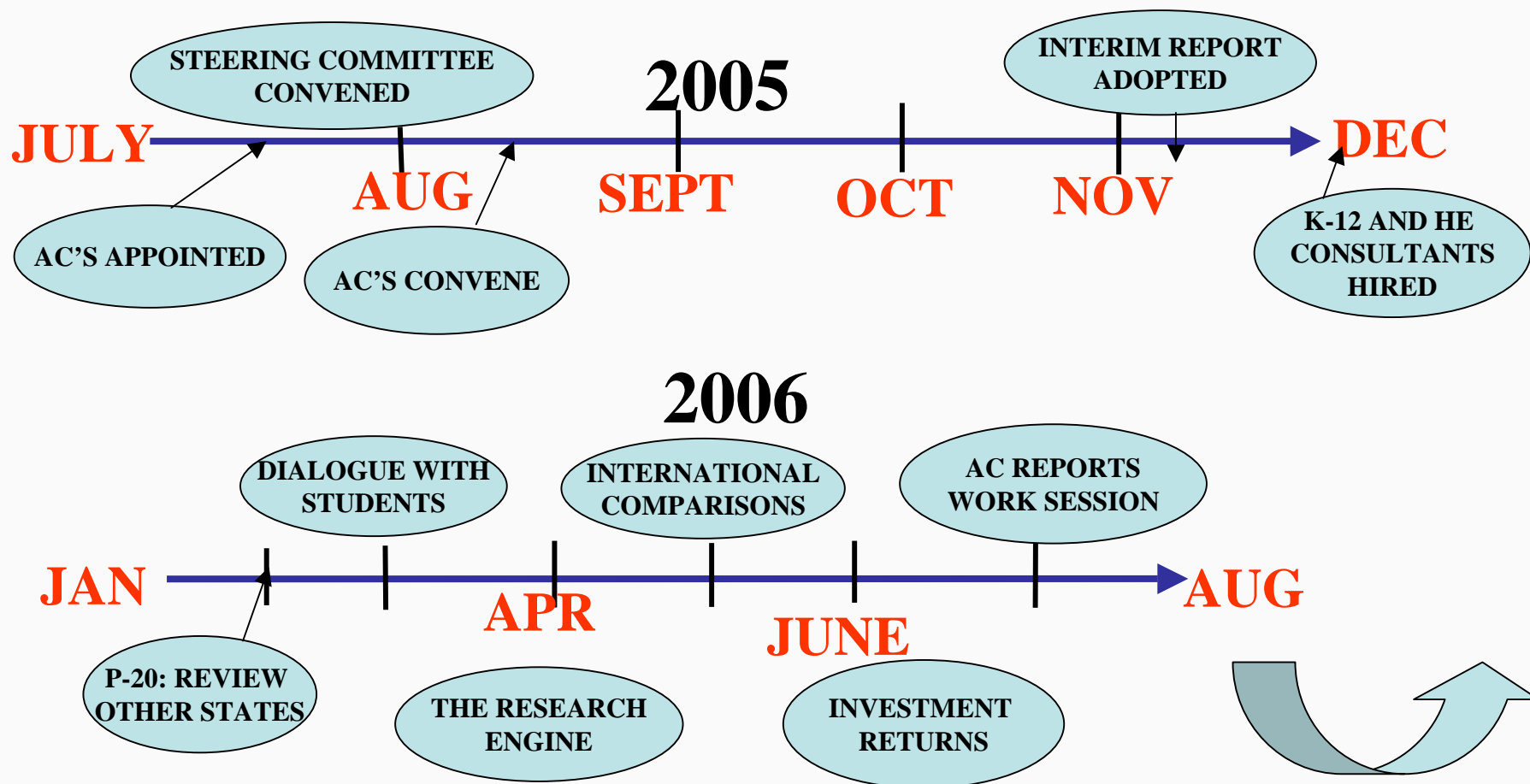


What Have We Learned?

Presentation to the Steering Committee

August 9, 2006

QUICK REVIEW



A Changing Economic Landscape

- Family-wage jobs requiring only high school education are disappearing
- Most jobs now require at least some post-secondary education
- Employers report difficulty finding educated workers

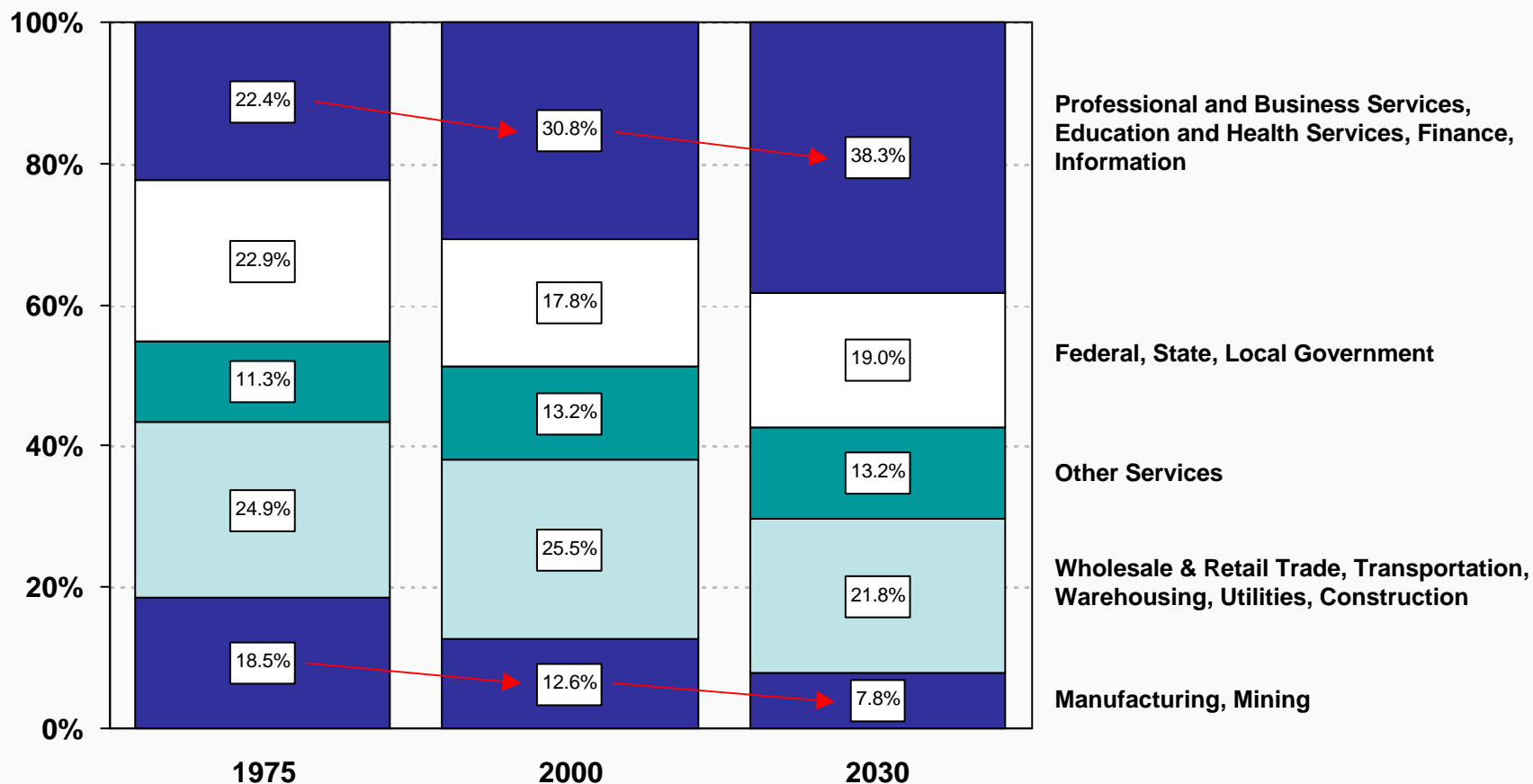
Washington's Changing Economic Landscape

Increasing Role of Technology- and Information-Dependent Industries
Decreasing Reliance on Manufacturing and Resource-Based Industries

Change in Washington's Industry Composition

1975 - 2030

Percent of Total
Employment



Sources: Forecast Council, OFM.

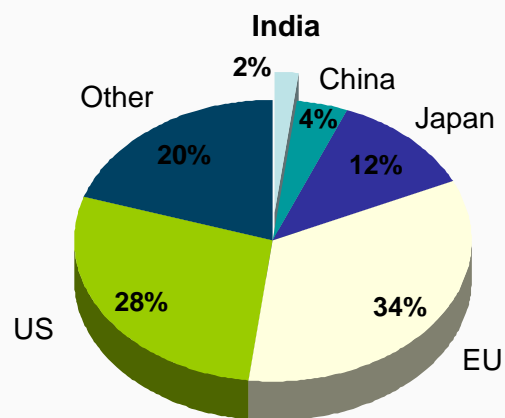
Global Competency Matters

- Washington is like a small nation
- Washington is most trade dependent state (one out of three jobs)
- Tomorrow's workers will
 - Buy and sell to the world
 - Manage global work teams
 - Compete for jobs with workers in other nations

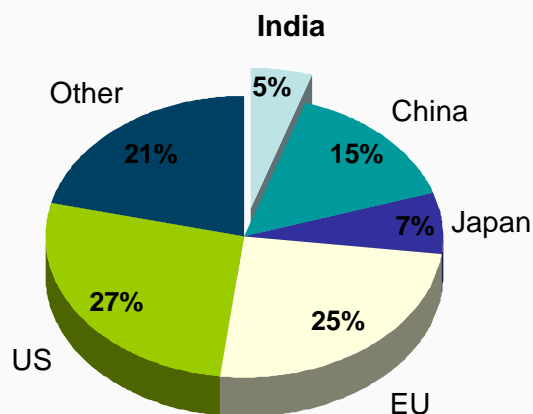
Snapshot: Looking Forward to a Reshaped Global Economy

Percentage of World GDP

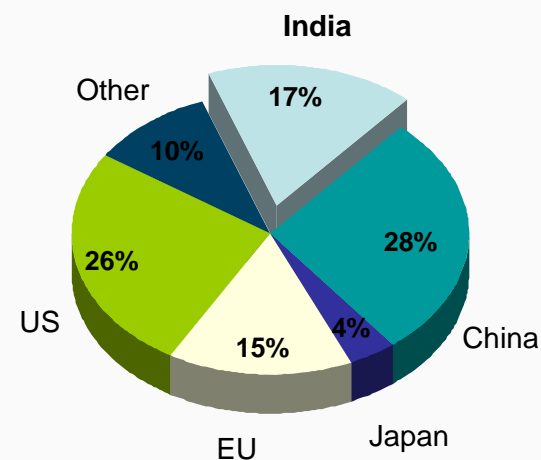
TODAY



2025



2050



Source: Keystone India

In the new global economy:

- Education is our currency
- Other nations are making strategic investments in education, while we continue with “business as usual”
- United States and Washington are slipping behind other industrialized nations

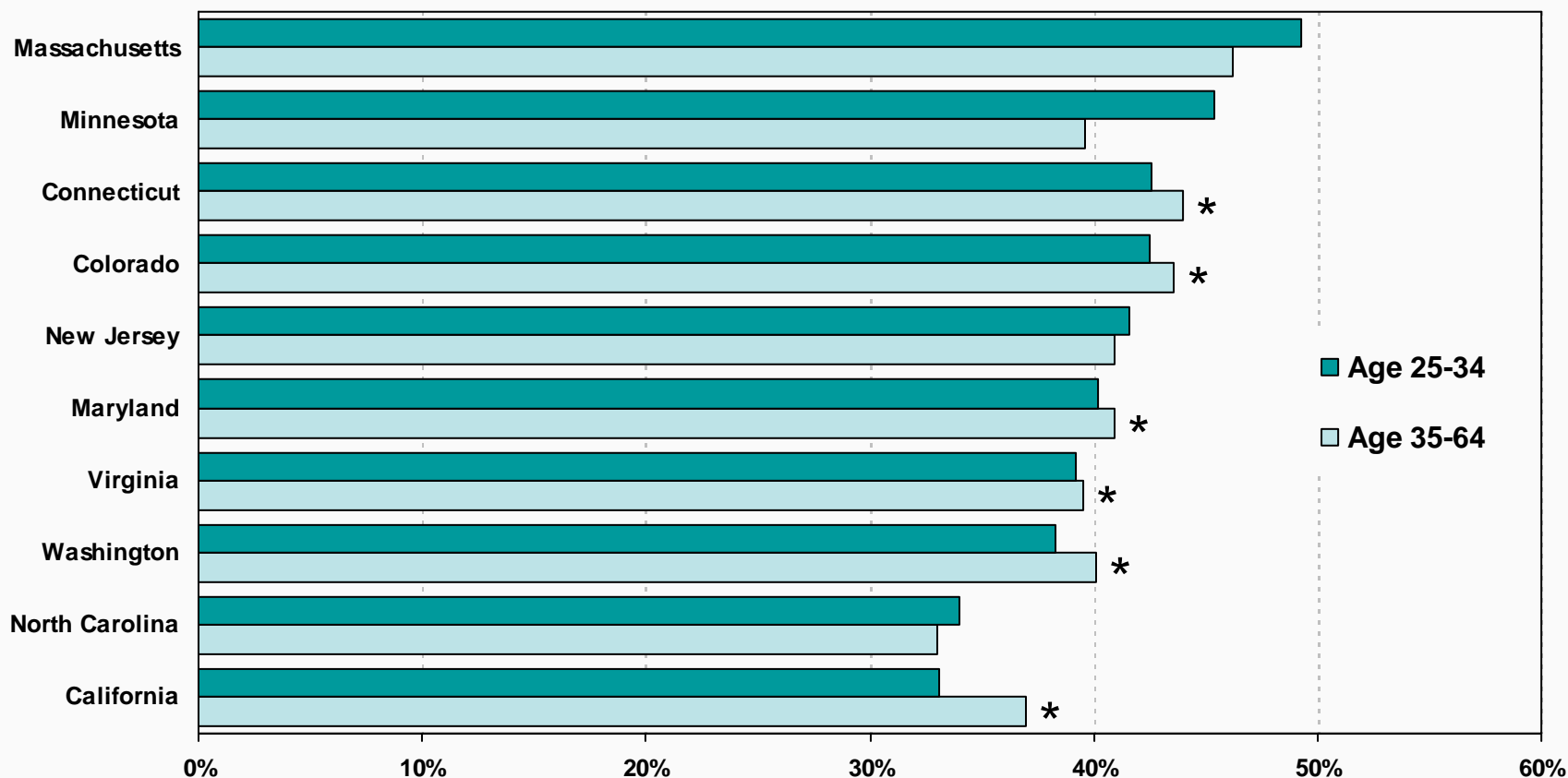
How do we compare internationally?

- Compared to 12 industrialized nations participating in student assessments in math at grades 4, 8 and age 15, U.S. ranks:
 - 8 out of 12 in 4th grade
 - 9 out of 12 in 8th grade
 - 9 out of 12 at age 15

Source: American Institutes for Research, 2005

Trending in the Wrong Direction:

Percent with Associate's or Higher Degree
Census 2000



*States where the percentage of population age 35-64 with Associate's or higher degree is greater than that for the age 25-34 population.

Source: U.S. Census Bureau 5 Percent Public Use Microdata Sample (PUMS) for Washington.

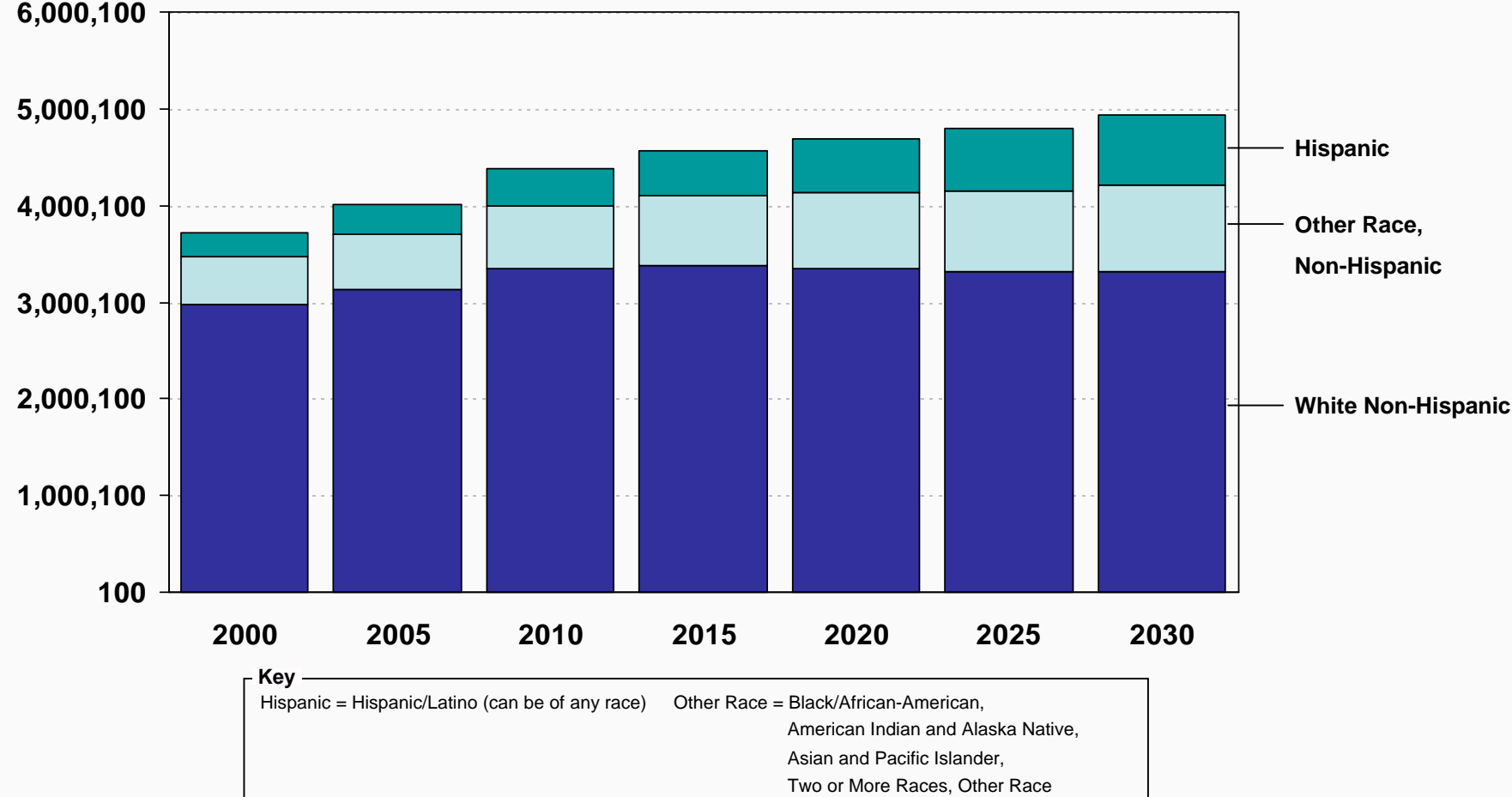
Growing diversity = new challenges and new opportunities

- Number of ESL families has doubled since 1993
- Nearly 250,000 adults in Washington speak limited English
- Total minority population increased from 15.7% in 1990 to 22% in 2003
- By 2030, the projected non-white and/or Hispanic population will have nearly doubled

Washington Labor Force

Projected Composition by Race and Hispanic Origin

Population
Age 18-64
6,000,100

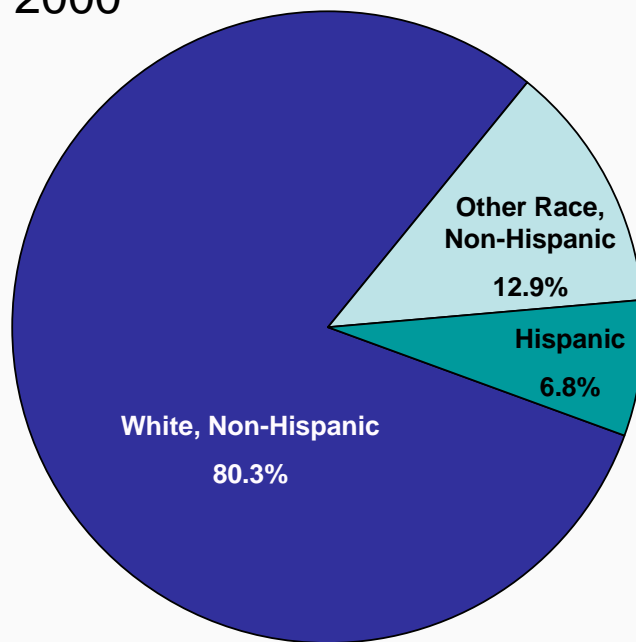


Source: Office of Financial Management

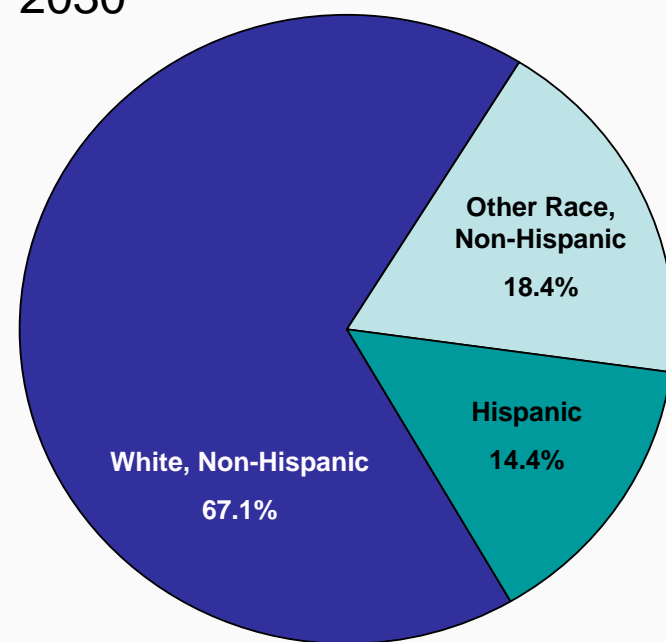
Washington Labor Force

Projected Composition by Race and Hispanic Origin

2000



2030

**Key**

Hispanic = Hispanic/Latino (can be of any race) Other Race = Black/African-American, American Indian and Alaska Native, Asian and Pacific Islander, Two or More Races, Other Race

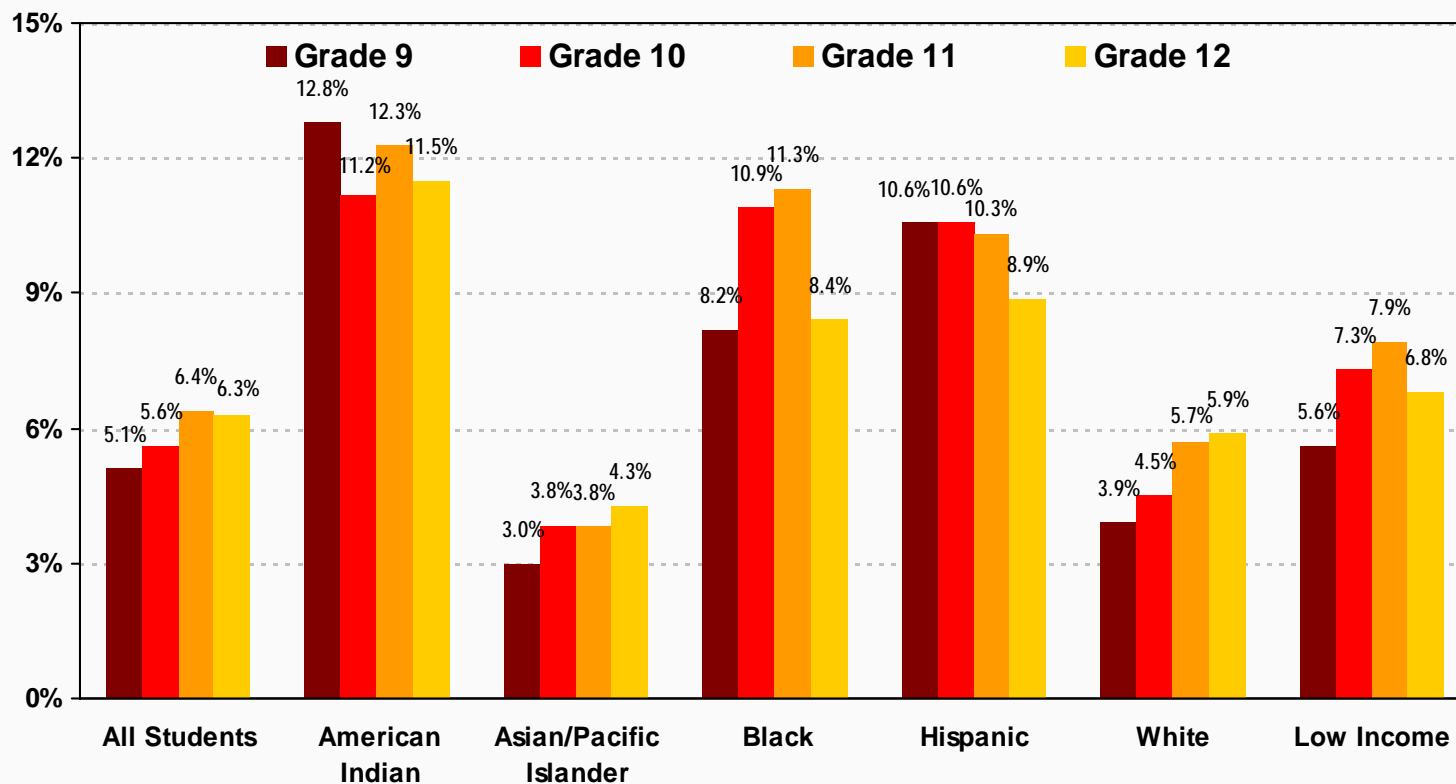
Source: Office of Financial Management

Preparation and Access Gaps

- One out of four 18-24 year olds does NOT have a high school diploma
- Overall, only 70 percent of every 100 9th graders graduate from high school with their class
 - *The rate is significantly lower for African American, American Indian and Hispanic students.*
- Overall, participation rates for non-white and Hispanic students are significantly lower at Washington's public four-year universities and slightly lower at the CT/Cs than for white and Asian students

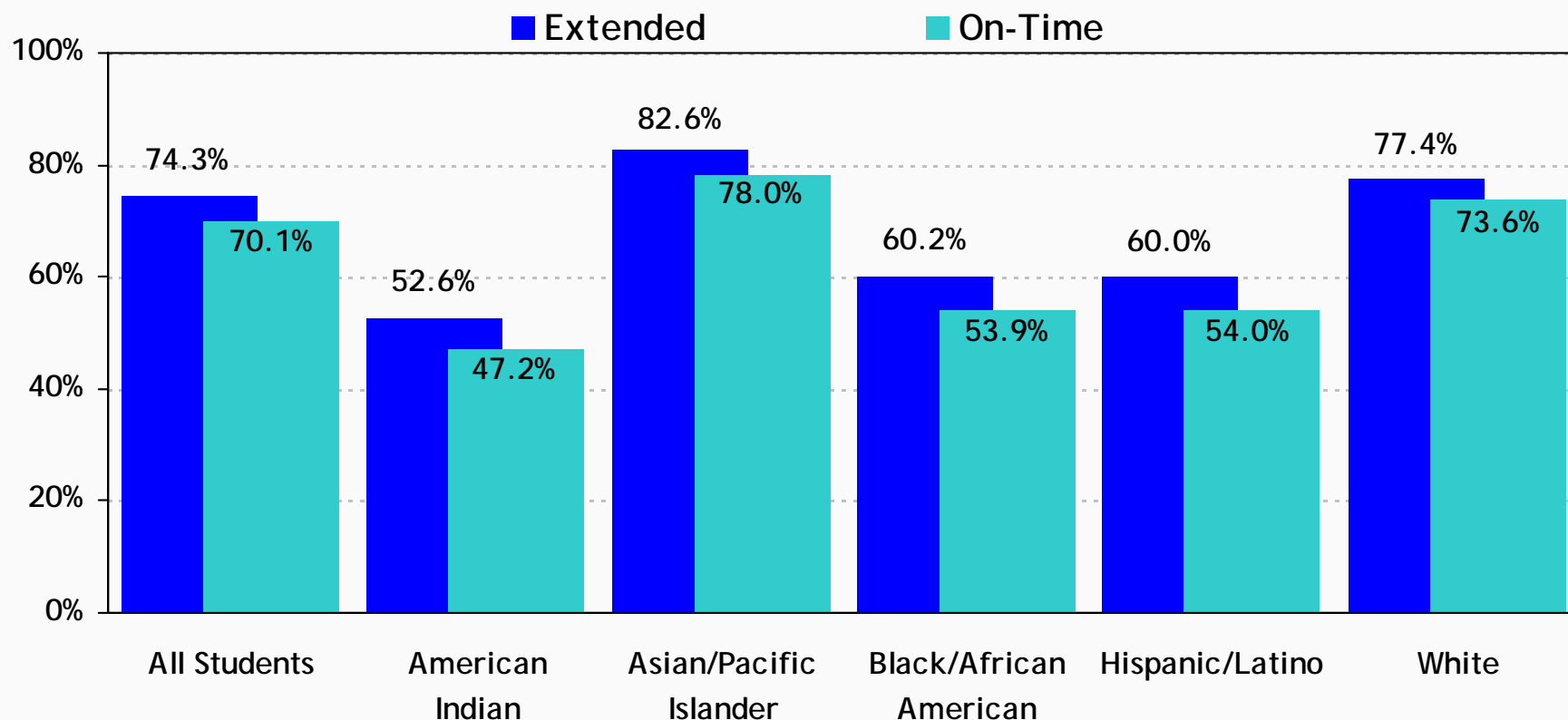
High School Dropout Rates

By Grade, 2003-04



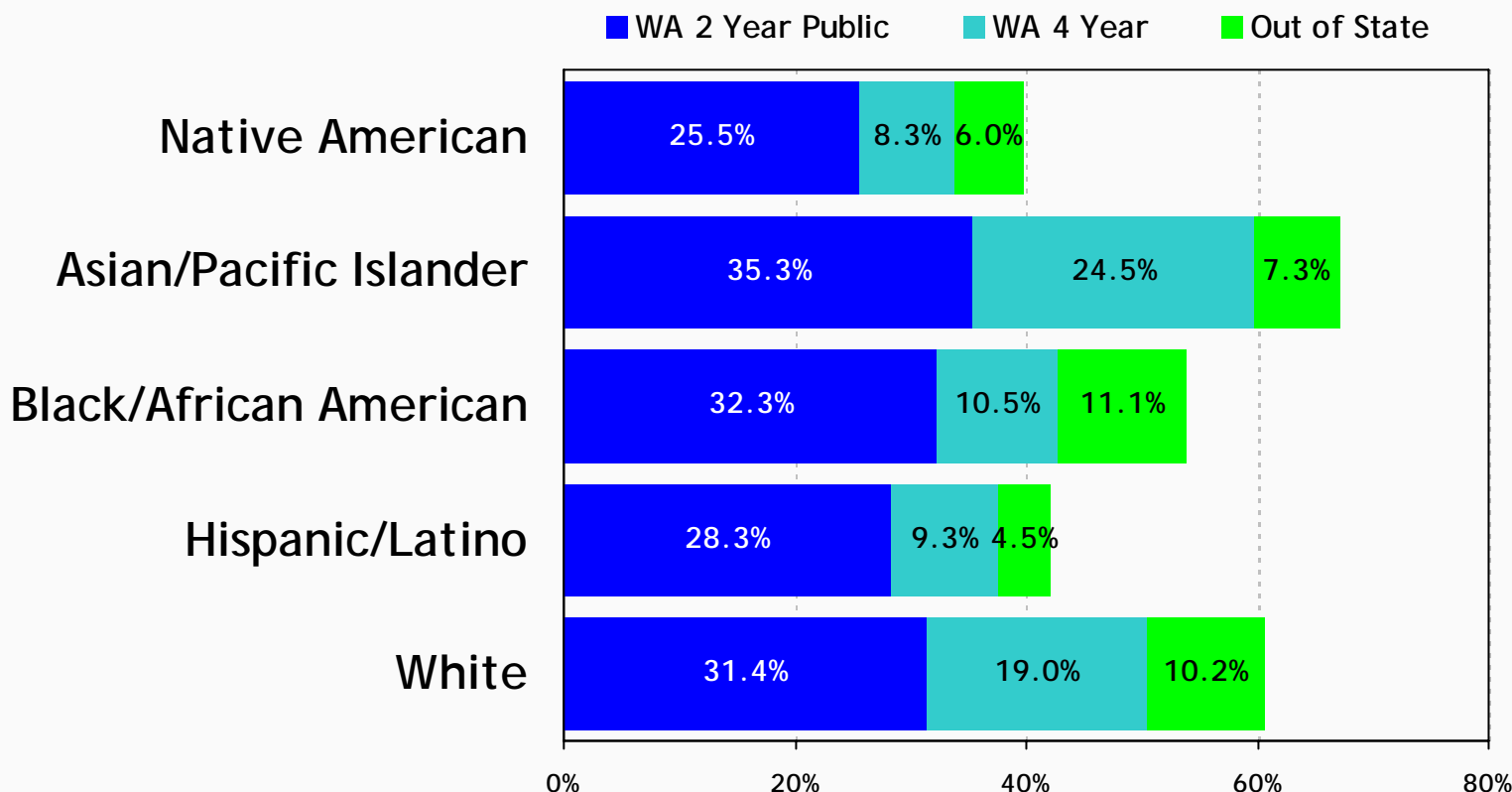
Source: OSPI, *Graduation and Dropout Statistics for Washington's Counties, Districts, and Schools, School Year 2003-04*.
 September 2005. Available at www.k12.wa.us/DataAdmin/.

High School Graduation Rates



Source: OSPI, *Graduation and Dropout Statistics for Washington's Counties, Districts, and Schools, School Year 2003-04*.
September 2005. Available at www.k12.wa.us/DataAdmin/.

College-Attending Rates by Race and Ethnicity



*Completers include on-time and delayed recipients of regular high school diplomas as well as IEP graduates, Adult Diploma recipients and GED recipients

Source: OSPI/WSU Social and Economic Sciences Research Center. *Washington State College Enrollment Study, Class of 2003: College Enrollment in the First Year after Graduation.* [\[www.sesrc.wsu.edu/nsc/\]](http://www.sesrc.wsu.edu/nsc/)

Washington workers are losing opportunities

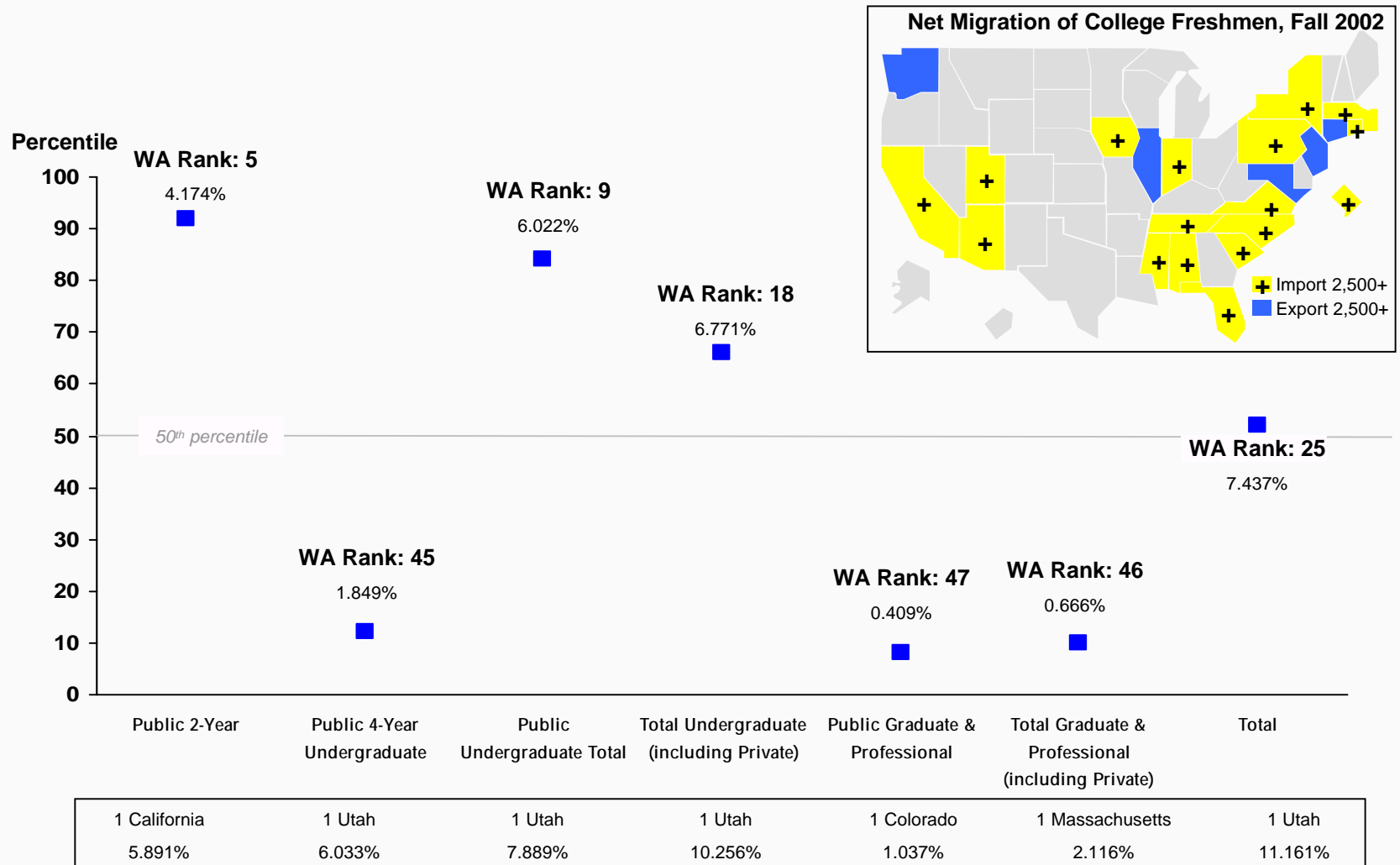
- Washington businesses import highly educated workers from other states and nations
- This short-changes many Washington citizens who are not prepared to compete for the best-paying jobs or fully participate in the global economy

Source: Census, IPEDS, higheredinfo.org (NCHEMS)

Participation Rate: State Rankings

Based on Fall 2002 Enrollment and Population 18 & over

Enrollments include students who are residents of other states plus foreign students.



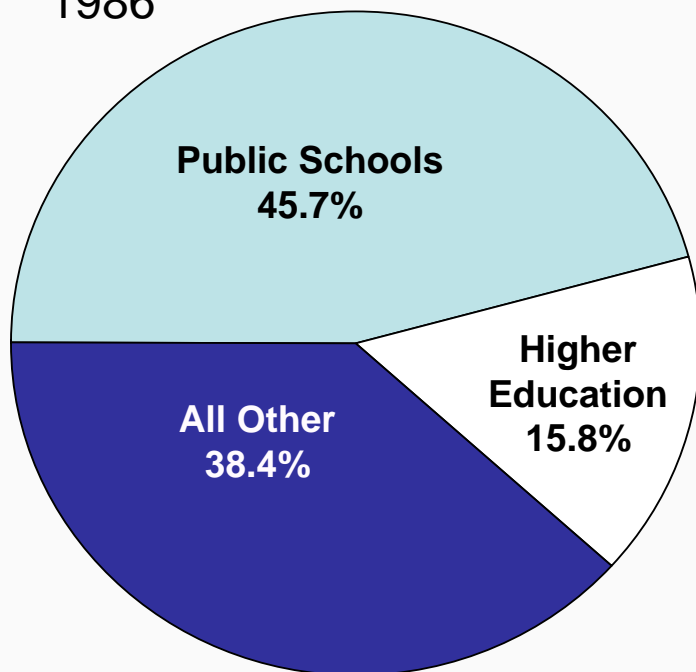
Source: NCES Digest of Education Statistics 2004, Table 198: Total fall enrollment in degree-granting institutions, by control, level of enrollment, type of institution, and state or jurisdiction: 2002. http://nces.ed.gov/programs/digest/d04/tables/dt04_198.asp; U.S. Census Bureau.

Competition for Scarce Resources

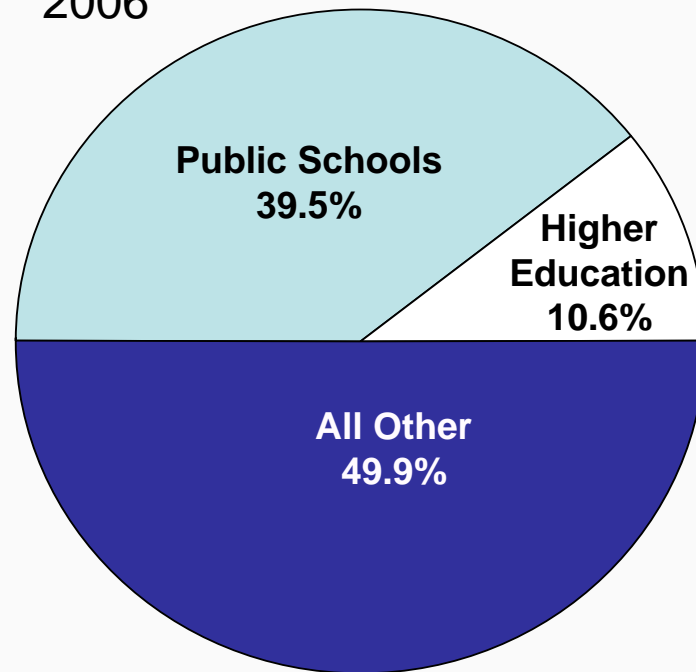
- Proportionate share of general fund has declined in the last two decades
- Spending pressures in education are increasing
- Public schools and higher education institutions struggle for funding amidst soaring public costs for Medicaid, health inflation and prison populations

Share of State Spending on Education

1986

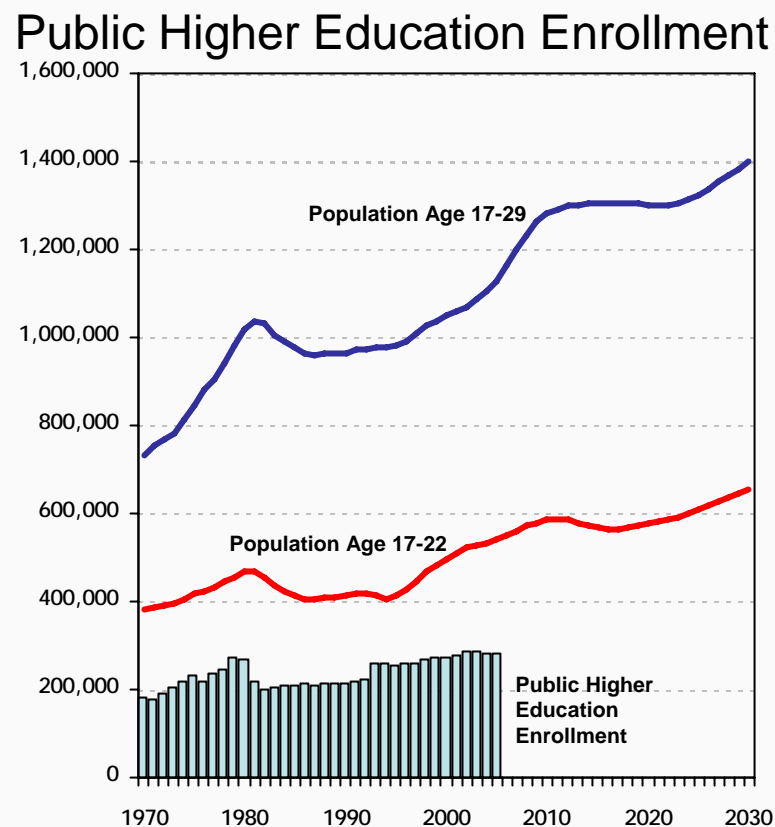
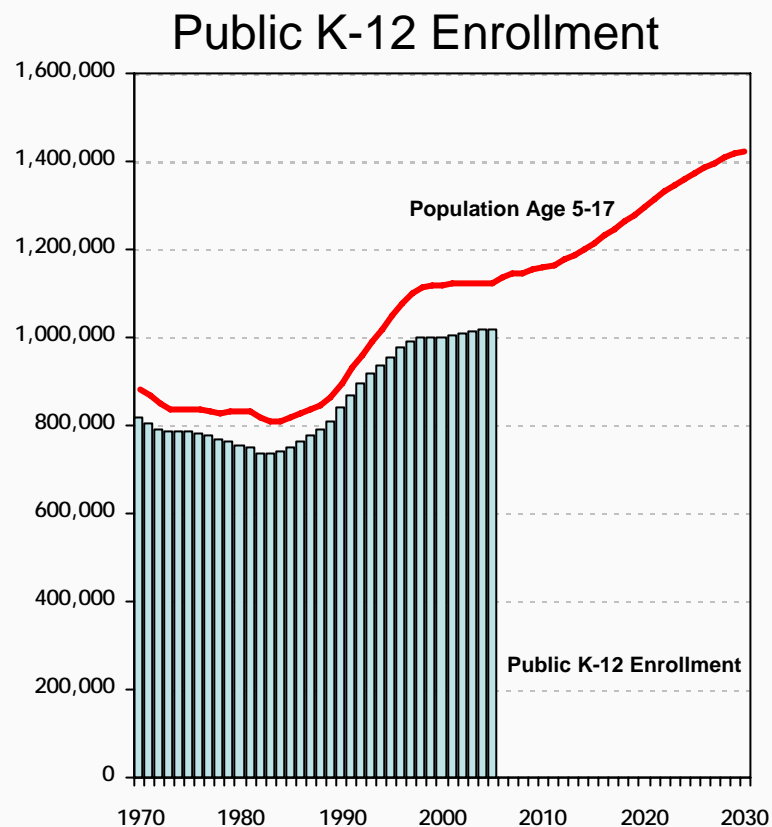


2006



Source: Office of Financial Management

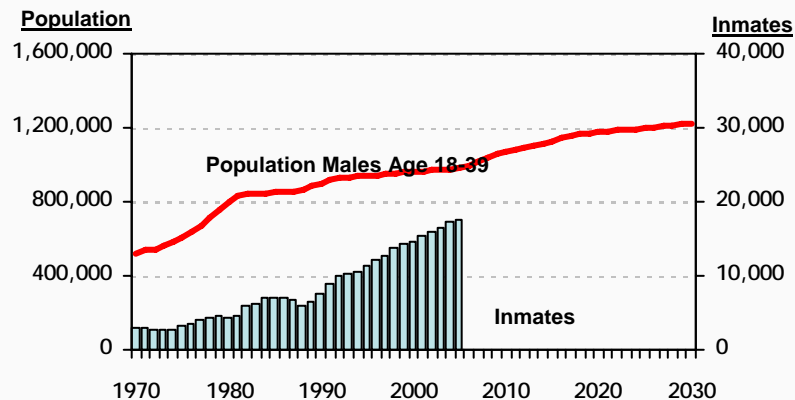
State Spending Drivers: Education



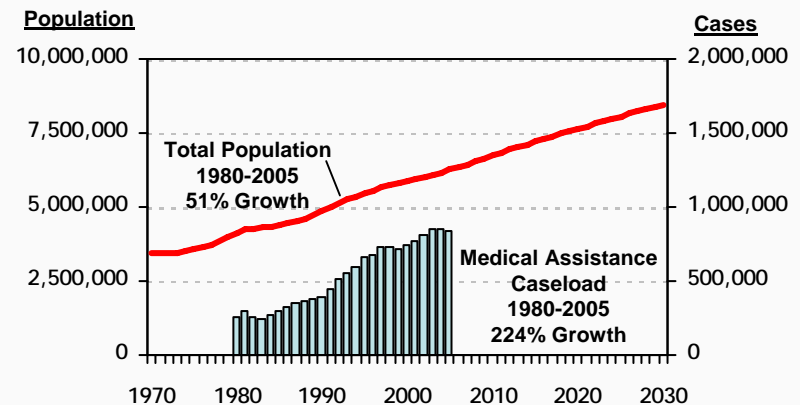
Source: OFM, Caseload Forecast Council

State Spending Drivers: The Competition

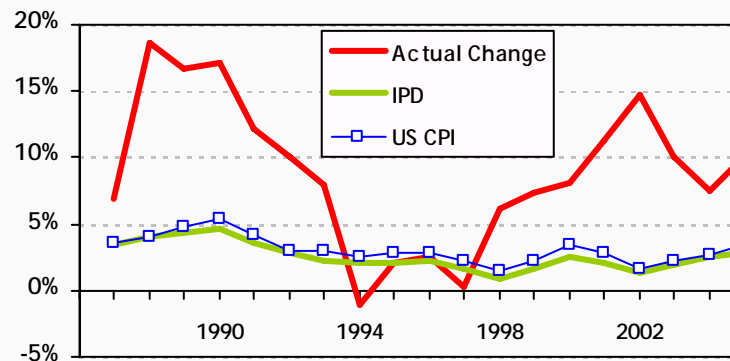
Prison Inmates



Medical Assistance Caseload



Health Care Inflation

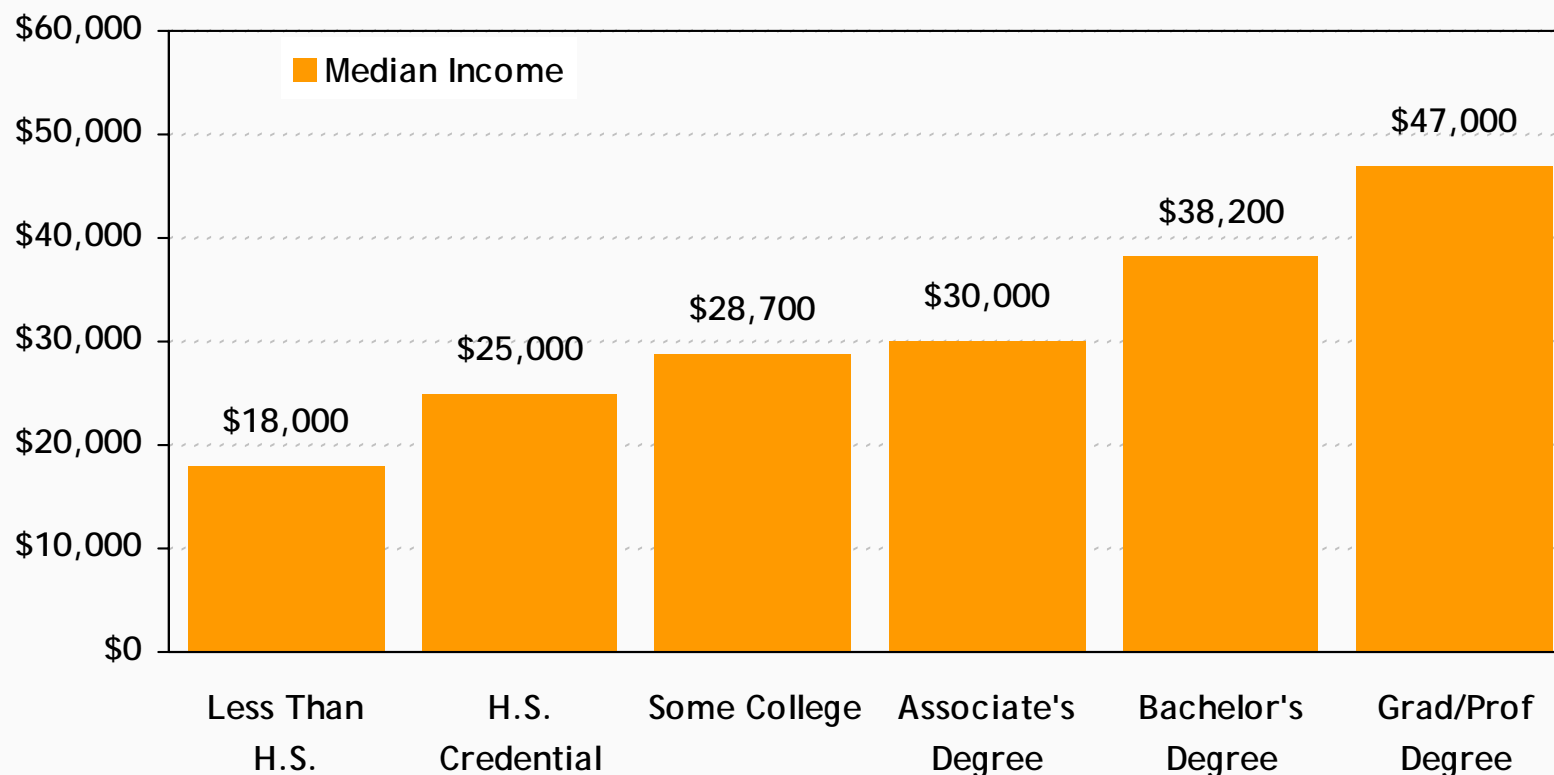


Source: OFM, Caseload Forecast Council

Investing in Education Pays

- Research shows a “tipping point” (significant earnings increase) for those who receive an additional year of college
- Increased lifetime earnings as educational level rises
- Social benefits and “externalities” also benefit society at large

Individuals benefit with increased education

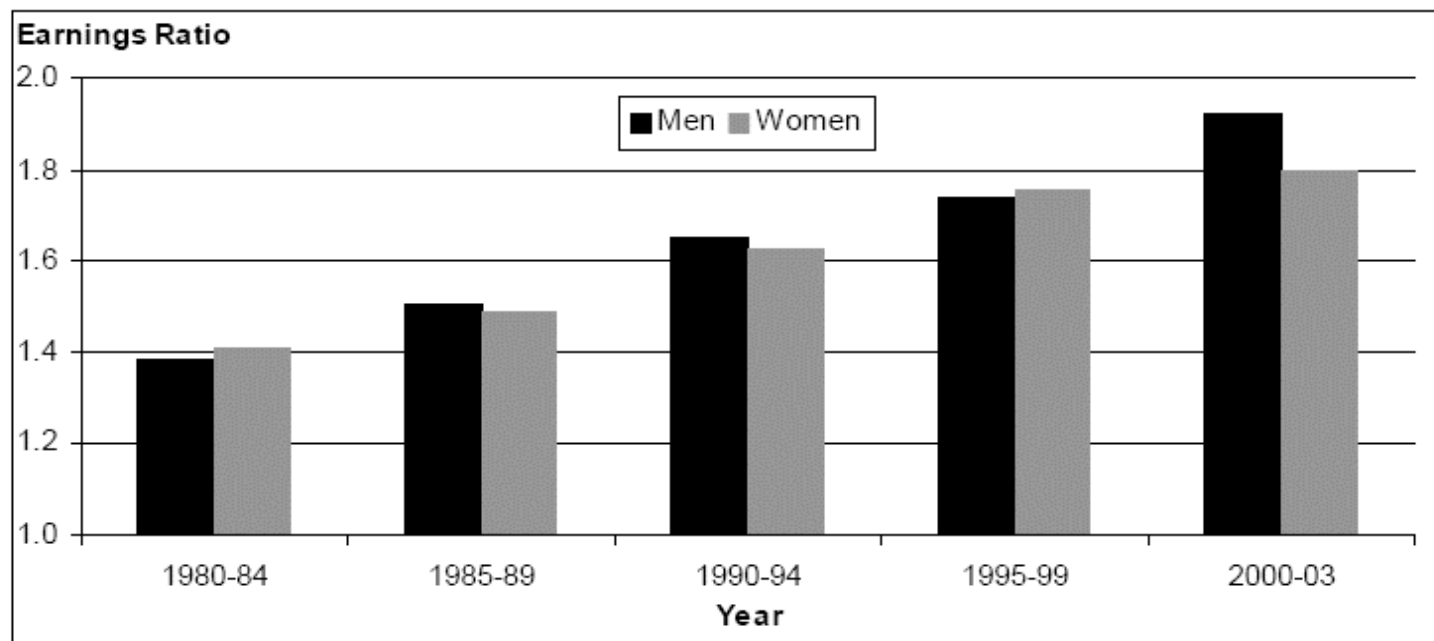


Source: U.S. Census Bureau, Census 2000, 5 Percent Public Use Microdata Sample (PUMS) for Washington.

Analysis by OFM.

Rate of Return to College Education Increased over Last Two Decades

FIGURE I:3
RATIO OF MEAN ANNUAL EARNINGS OF UNIVERSITY GRADUATES
TO HIGH SCHOOL GRADUATES
Full-time, Year-Round Workers in the United States



Source: Hill et al. *The value of higher education*, 2003, p. 15

Education also benefits everyone

- Investments in education benefits communities through significant social returns. The more education people in a community have,
 - o *The lower the crime rate*
 - o *The higher the level of civic participation*
 - o *The lower the dependence on public assistance*
 - o *The better the health outcomes*

Moretti's externality study

- Cross sectional data from 282 cities at three points in time PLUS a longitudinal study of 6,791 individuals from 201 cities
- 1% increase in college grads in a city result in wage increases of:
 - 1.9% for workers who did not graduate from high school
 - 1.6% for high school grads in the city
 - 0.4% for college grads

In Summary

- The economic landscape of the 21st century requires a better educated work force
- Washington is a small nation, poised to excel in the global economy, but we are falling behind
- Without increased educational achievement-*to educate everyone at higher levels*-we will lose our competitive edge
- We must simultaneously “raise the educational bar” and “close the gap” that academically sidelines too many of our students

Our task:

We must create a world-class education system to make sure our prosperity touches all of us, not just a few.

-- *Governor Chris Gregoire*

Our vision:



We must raise educational attainment in Washington through a world-class, learner-focused education system in order to compete globally and thrive locally.